

USDC vs USDT on Ethereum: Competitive Positioning Analysis

Persona: Competitive Intelligence Analyst – USDC issuer

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Key Findings

“As a Competitive Intelligence Analyst at Circle, my goal is to assess USDC’s competitive positioning vs USDT on Ethereum and identify strategic risks/opportunities.”

USDC has become the institutional/DeFi leader on Ethereum, with a 67% rise in daily active wallets and much higher value transfers than USDT.	76% of USDC inflows go to DeFi protocols, confirming its role as the preferred asset for lending, collateral, and treasury operations.	USDT dominates retail activity, controlling 60–65% of weekly active wallets but with a significantly smaller transfer size.
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Recommendations

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USDC is positioning itself as the institutional/DeFi stablecoin on Ethereum, while USDT captures more retail volume. Circle should focus on deepening DeFi protocol integrations and treasury-scale partnerships to maintain competitive advantage

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Methods

DATA SOURCE

Ethereum on-chain transactions via Dune Analytics

TIME WINDOW

May 2025 - November 2025 (180 days)

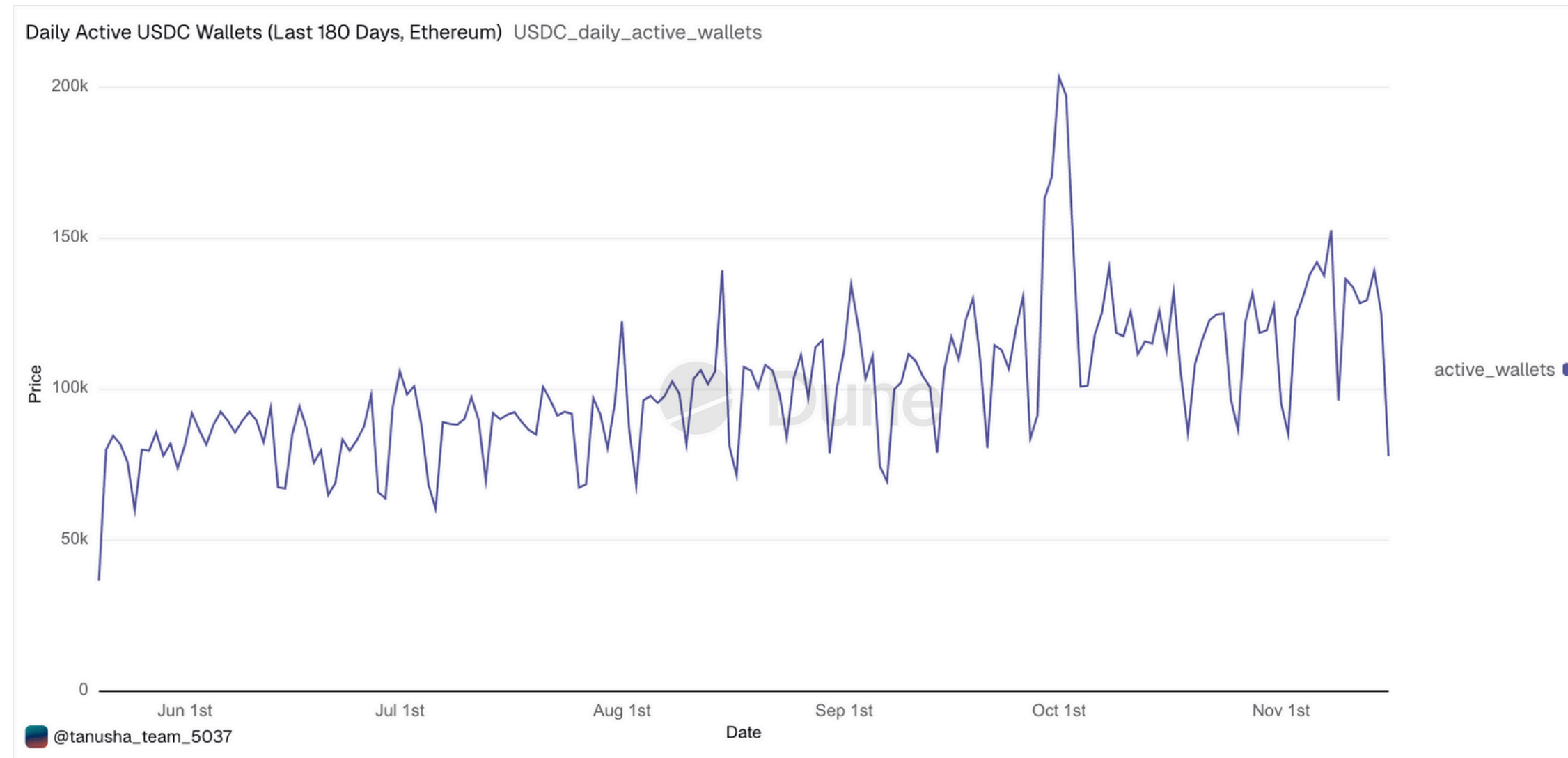
KEY TABLES

erc20_ethereum.evt_Transfer, labels.all, tokens_ethereum.balances

LIMITATIONS

Labeled addresses only capture ~30% of flows; privacy wallets excluded

User Base Growth & Adoption



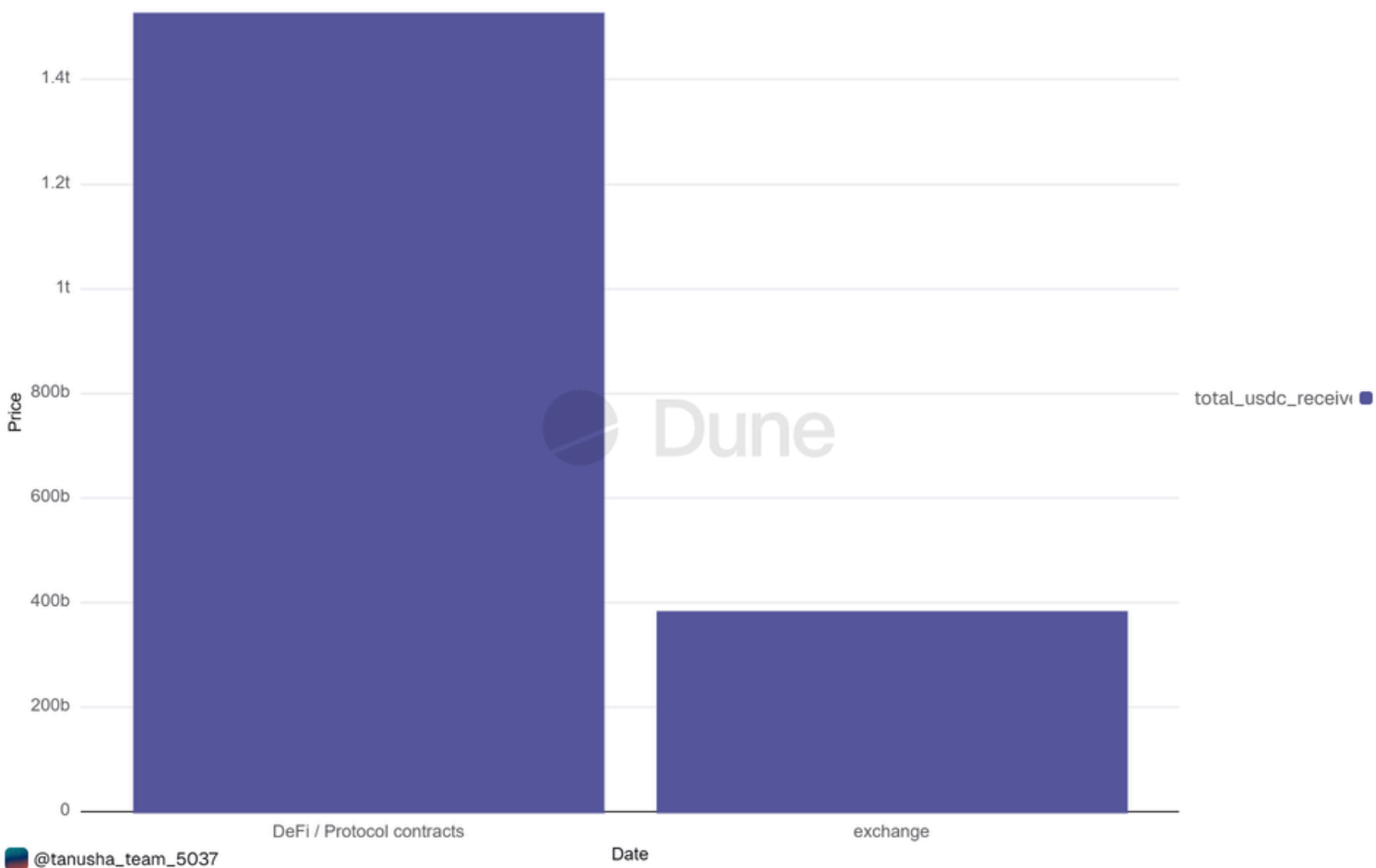
- Rapid growth trajectory: Active wallets grew from ~60k (June) to 100k+ (November), a 67% increase over 6 months
- Institutional onboarding signal: The October spike to 200k+ daily wallets suggests significant institutional adoption events
- Sustainable baseline: Even after recent volatility, the baseline has stabilized at 80-90k daily users, well above starting levels
- Implication: USDC is moving beyond early adopters to become the institutional standard for Ethereum stablecoin activity

"THIS MATTERS BECAUSE GROWING INSTITUTIONAL WALLET ADOPTION STRENGTHENS CIRCLE'S POSITION IN DEFI LIQUIDITY AND TREASURY INTEGRATIONS."

Platform Distribution & Competitor comparison

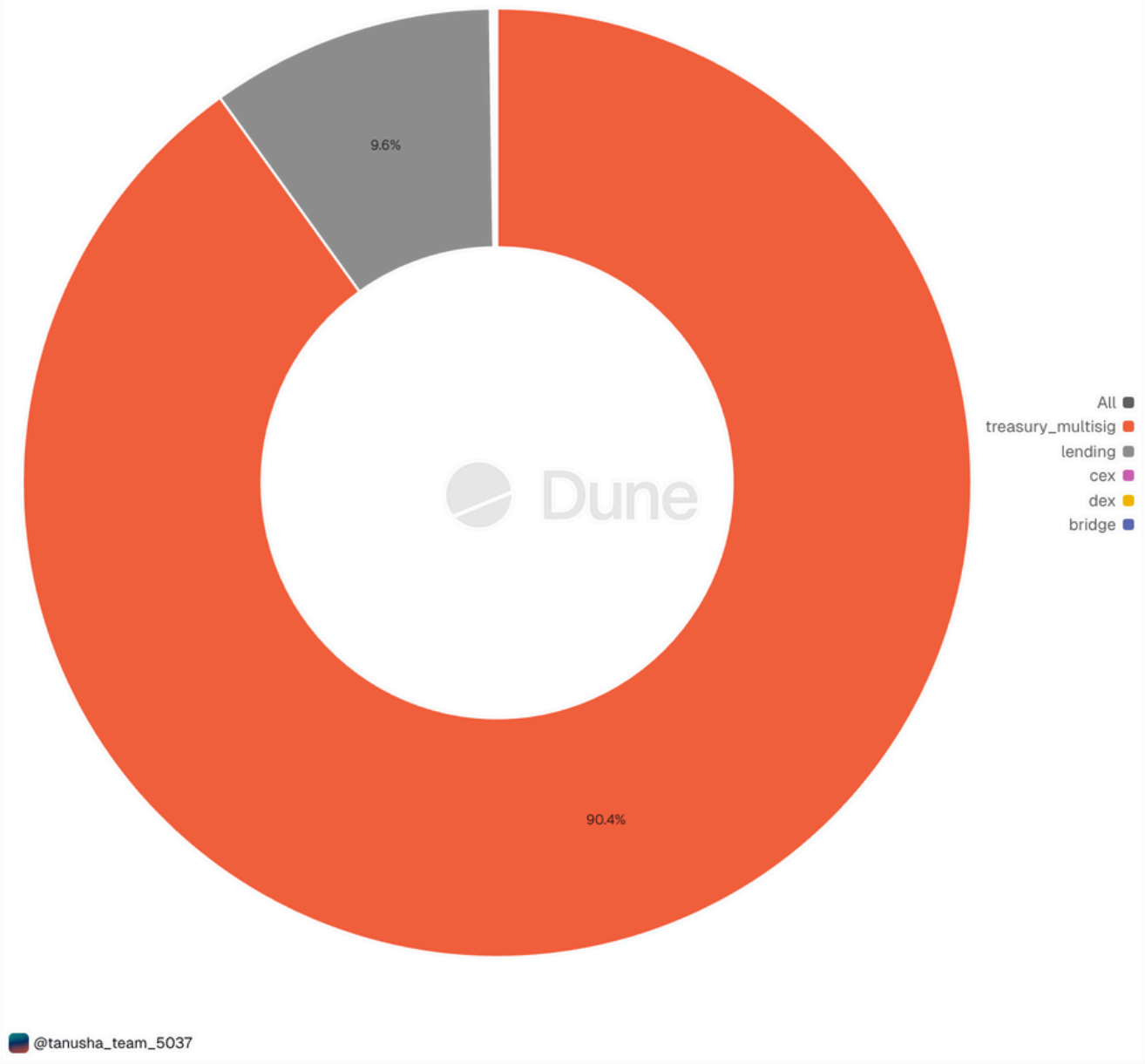
- DeFi captures 3x more USDC than exchanges: ~\$1.5B flowing to DeFi protocols vs. ~\$400M to centralized exchanges
- Treasury & collateral use case confirmed: 90%+ of USDC inflows are absorbed by treasury multisigs, lending pools (Aave, Compound), and DEXs

Category-level view: Exchanges vs DeFi



- Not exchange-driven: Unlike USDT which maintains significant centralized exchange presence, USDC's ecosystem is fundamentally on-chain and decentralized
- Strategic positioning: USDC owns the DeFi money market layer, not the exchange/trading layer—a defensible moat

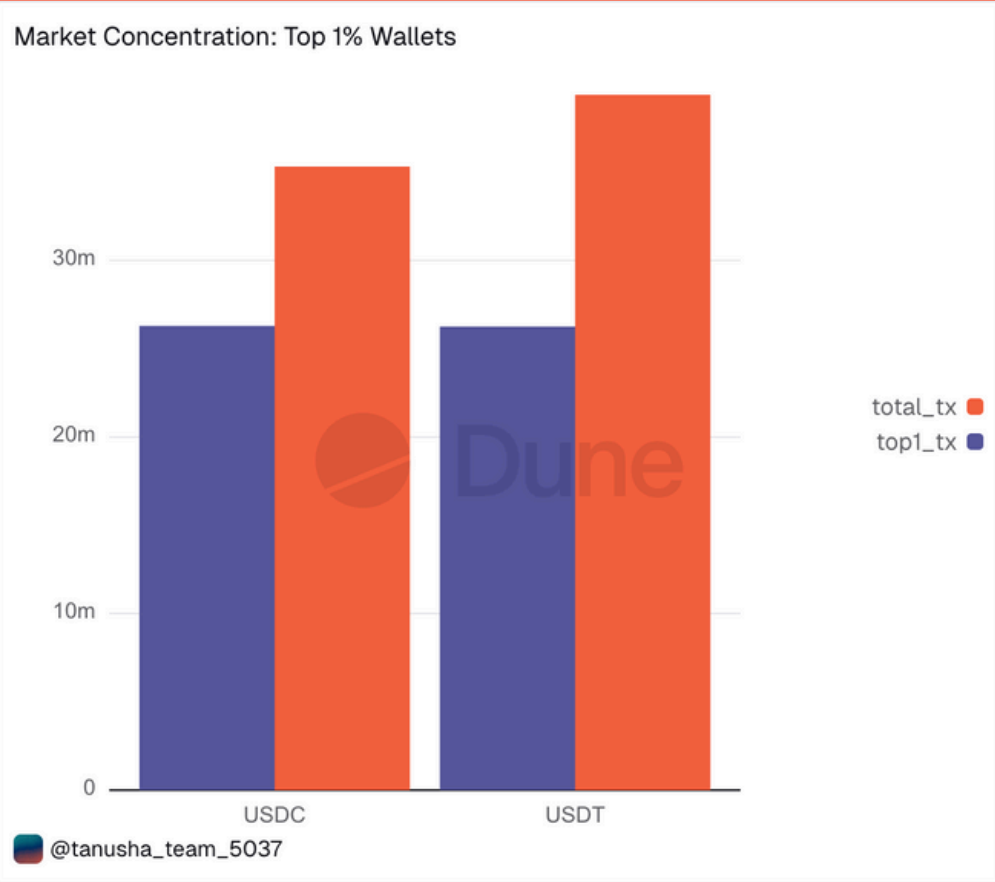
USDC inflows by platform type (Exchanges vs DeFi vs Bridges vs Treasuries)



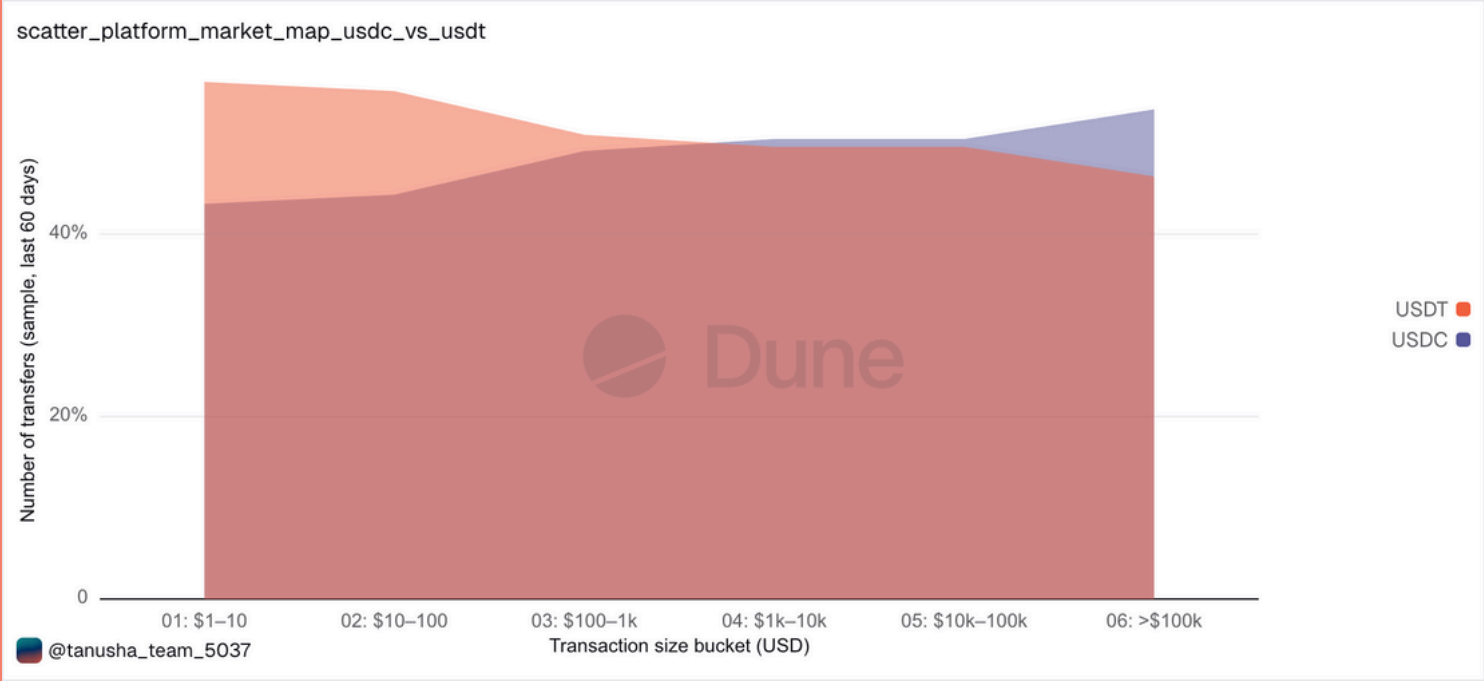
“This reinforces Circle’s strategic moat: USDC is embedded in DeFi money markets where institutional liquidity resides, unlike USDT’s CEX-heavy dependence.”

Stablecoin Concentration & Usage Behavior: USDC vs USDT

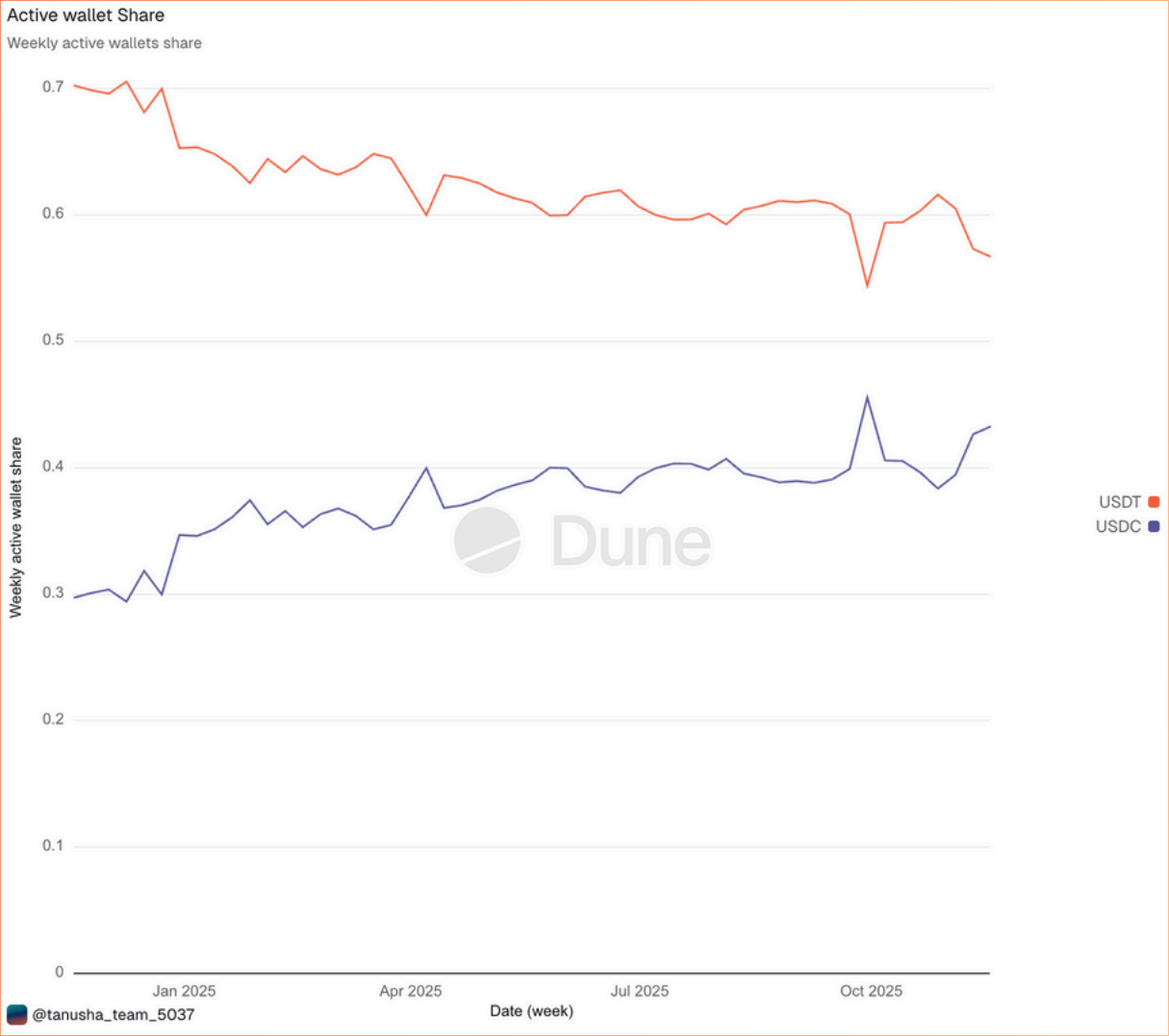
Top 10 Holder Concentration



Average Transfer Size



Active Wallet Share: Weekly active wallets share



“Large average transfer size validates USDC’s role as a treasury/institutional asset—supporting Circle’s enterprise strategy.”

Stablecoin Concentration & Usage Behavior: USDC vs USDT (cont'd)

USDT dominates active wallet count (60-65% vs. 35-40%): Signals broader retail adoption, but USDC leads in transaction SIZE and VALUE

Both ecosystems are highly concentrated: Top 1% wallets control ~70% of transfers in both (USDC 72%, USDT 68%), indicating market-maker and institutional dominance

Average transaction size gap: USDC transfers average \$102k vs. USDT at \$33k—a 3x difference confirming institutional/treasury preference

Risk consideration: High concentration = vulnerability to whale outflows; mitigated by DeFi's smart contract controls and decentralized collateral backing

Conclusion & Next Steps

KEY INSIGHT

USDC has established market dominance in institutional/DeFi segments

RECOMMENDATION

Continue DeFi protocol partnerships; monitor USDT's retail footprint

NEXT ANALYSIS

Cross-chain USDC adoption (Polygon, Arbitrum, Base)

“Relative to USDT, USDC’s strength lies not in scale of wallets but in value, institutional stickiness, and DeFi integration density.”